

Ingersoll Machine and Tool COMPANY, LIMITED



Annual 1963 Report

Ingersoll Machine and Tool Company, Limited

Annual Report 1963

DIRECTORS ●

H. A. WILSON	- - - - -	<i>Ingersoll, Ontario</i>
J. D. DUNCAN	- - - - -	<i>Ingersoll, Ontario</i>
A. G. WARDEN	- - - - -	<i>Ingersoll, Ontario</i>
J. B. MITCHELL	- - - - -	<i>Ingersoll, Ontario</i>
K. C. SWANCE	- - - - -	<i>Ingersoll, Ontario</i>

OFFICERS ●

<i>President and General Manager</i>	- . -	H. A. WILSON
<i>Vice-President</i>	- - - - -	A. G. WARDEN
<i>Secretary-Treasurer</i>	- - - - -	A. G. WARDEN

Transfer Agent and Registrar ●

THE CANADA TRUST COMPANY	-	<i>Toronto, Ontario</i>
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Auditors ●

RIDDELL, STEAD, GRAHAM & HUTCHISON	
<i>Chartered Accountants</i>	
<i>London, Ontario</i>	

H E A D O F F I C E -:- I N G E R S O L L , O N T A R I O

Ingersoll Machine and Tool Company, Limited

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors submit the following report on the company's affairs together with the audited consolidated balance sheet and consolidated statements of income and surplus of the company and its subsidiary company Morrow Screw and Nut Company Limited for the year ended December 31, 1963.

SALES

The combined sales of the parent company and its subsidiary company Morrow Screw and Nut Company Limited for the year ended December 31, 1963 amounted to \$7,613,710.00 compared with \$6,474,927.00 in 1962, an increase of \$1,138,783.00. While the sales of the subsidiary company show a substantial increase over the prior year the major portion of the increase is attributed to the sales of the parent company. This was largely the results of increased sales of steering gears and trailer axles.

EARNINGS

The consolidated net income before provision for depreciation and Dominion and Provincial income taxes amounted to \$366,328.27 compared with \$230,156.90 in 1962. The net consolidated profit after adjusting for the above-mentioned items and for the minority shareholders' portion of the net earnings of the subsidiary company was \$122,874.18 which was transferred to the consolidated surplus account.

Four quarterly dividends of \$1.00 per share were declared and paid upon the 4% preferred shares, four quarterly dividends of 12½c per share were declared and paid upon the Class "A" common shares and one dividend of 25c per share was declared and paid upon the Class "B" common shares. The sinking fund requirements in connection with the preferred stock have been complied with. The consolidated surplus accounts were increased by a net amount of \$103,094.93. Thus, at December 31, 1963, the consolidated earned surplus amounted to \$2,283,707.93, and the consolidated capital surplus amounted to \$285,395.35, a total of \$2,569,103.28.

CAPITAL EXPENDITURES

During 1963 additions to plant and equipment amounted to \$102,869.38 and disposals amounted to \$40,243.33. During the five years ended December 31, 1963 there has been added to plant and equipment \$887,081.66 continuing the policy of keeping the plants up to date.

FINANCIAL POSITION

The consolidated balance sheet discloses current assets amounting to \$3,221,314.00 and current liabilities amounting to \$1,301,941.00, leaving a net consolidated working capital of \$1,919,373.00. This is an increase during the year of \$425,340.00.

SHAREHOLDERS' EQUITY

The equity of the shareholders in the consolidated assets of the company as at December 31, 1963 amounted to \$2,911,953.00 as represented by capital and surplus. This is equivalent to \$1,727.04 per 4% preferred share outstanding and after deducting the preferred stock at par value to \$16.78 per share for the combined Class "A" and Class "B" common shares.

OUTLOOK FOR 1964

Sales to date in 1964 have exceeded sales for the same period in the previous year and this trend is expected to continue.

Present plans under consideration include further expansion in the Saginaw type recirculating ball steering gear field and production of other components to increase the scope and volume of present trailer axle business.

Last year we made a promising entry in the farm implement business by the manufacture of a new type of self-propelled forage wagon. Present indications are that this line will expand considerably in 1964.

PERSONNEL

The directors and officers once again express their appreciation to all employees of all divisions for the continued loyalty and support during 1963.

On behalf of the Board,
H. A. WILSON,
President.

Ingersoll Machine & Tool

(Incorporated under the Companies Act of Canada)
AND ITS SUBSIDIARIES

MORROW SCREW AND NUT COMPANY

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS

Accounts receivable	\$1,112,153.73	
Less—Allowance for doubtful accounts....	20,010.56	
		\$1,092,143.17
Inventories, at the lower of cost or market value.....		2,024,206.72
Government of Canada bonds having an approximate market value of \$56,648.00.....		62,250.00
Prepaid expenses		42,713.59
		\$3,221,313.48

INVESTMENTS—at cost

Shares in a Canadian company.....	\$	9,500.00	
Life Insurance—Cash surrender value		66,175.10	
			\$ 75,675.10

FIXED ASSETS—at cost.....

Less—Accumulated depreciation		\$4,642,968.79	
		2,944,369.96	
			\$1,698,598.83

\$4,995,587.41

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BSIDIARY

UT COMPANY LIMITED

T AS AT DECEMBER 31, 1963

LIABILITIES

CURRENT LIABILITIES

Bank indebtedness	\$ 672,636.26	
Accounts payable—Trade	589,436.01	
Income taxes payable	39,868.16	
		\$1,301,940.43

MINORITY INTEREST—Morrow Screw & Nut Company, Limited

Preferred Shareholders—Capital	\$ 64,100.00	
Common shareholders—Capital and Surplus.....	717,593.89	
		\$ 781,693.89

SHAREHOLDERS' EQUITY

Capital stock —

Authorized

1,579 4% Cumulative redeemable preferred sinking fund shares at par value of \$100.00 each
100,000 Class "A" Common shares of no par value
100,000 Class "B" Common shares of no par value

Issued and Outstanding:

1,579 Preferred shares	\$ 157,900.00	
82,040 Class "A" Common shares.....	92,474.91	
82,040 Class "B" Common shares	92,474.90	
		\$ 342,849.81

Capital surplus arising from redemption of preferred shares	285,395.35	
	2,283,707.93	

Consolidated earned surplus per accompanying statement..		\$2,911,953.09
		\$4,995,587.41

Approved on behalf of the Board:

H. A. WILSON, Director.
A. G. WARDEN, Director.

INGERSOLL MACHINE AND TOOL COMPANY, LIMITED

AND ITS SUBSIDIARY

MORROW SCREW AND NUT COMPANY LIMITED

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1963

(With comparative figures for the prior year)

	1963	1962
Net operating income before depreciation and provision for income taxes	\$ 366,328.27	\$ 230,156.90
Less—Depreciation	\$ 167,641.00	\$ 170,249.78
Provision for income taxes (Note 1).....	54,415.00	7,942.12
	\$ 222,056.00	\$ 178,191.90
Net income or (Loss)—before minority interest.....	\$ 144,272.27	\$ 51,965.00
Minority interest	21,398.09	24,984.47
Net income or (Loss).....	\$ 122,874.18	\$ 26,980.53

CONSOLIDATED STATEMENT OF SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1963

Balance—January 1, 1963		\$2,181,642.75
Add—Net profit for the year.....		122,874.18
Less—Dividends paid		\$2,304,516.93
		67,846.00
		\$2,236,670.93
Less—Transfer to capital surplus re redemption of preferred shares	\$ 1,500.00	
Adjustment of minority interest	10,685.17	
		\$ 12,185.17
		\$2,224,485.76
Add—Life insurance proceeds, less cash surrender value recorded in prior years		59,222.17
Balance—December 31, 1963		\$2,283,707.93

RIDDLE, STEAD, GRAHAM, & HUTCHISON

Chartered Accountants

HALIFAX
QUEBEC
MONTREAL
OTTAWA
TORONTO
HAMILTON
LONDON
WINNIPEG
REGINA
CALGARY
EDMONTON
VANCOUVER

ESTABLISHED 1869

P.O. Box 341

London, Ont.

To the Shareholders of
Ingersoll Machine and Tool Company, Limited.

We have examined the consolidated balance sheet of Ingersoll Machine and Tool Company, Limited and its subsidiary Morrow Screw and Nut Company Limited as at December 31, 1963 and the consolidated statements of income and surplus for the year then ended. Our examination included a general review of the accounting procedures of Ingersoll Machine and Tool Company, Limited and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated statements of income and surplus, together with the note attached thereto, present fairly the financial position of Ingersoll Machine and Tool Company, Limited and its subsidiary as at December 31, 1963 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDLE, STEAD, GRAHAM & HUTCHISON

Marh 25, 1964.

INGERSOLL MACHINE AND TOOL COMPANY, LIMITED

AND ITS SUBSIDIARY MORROW SCREW AND NUT COMPANY, LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 1963

(With comparative figures for the prior year)

ASSETS

CURRENT ASSETS	1963	1962
Marketable securities	\$ 62,250.00	\$ 62,250.00
Receivables—Net	1,092,143.00	840,488.00
Inventories	2,024,207.00	2,040,823.00
Prepaid Expenses	42,714.00	25,587.00
	\$3,221,314.00	\$2,969,148.00
PROPERTIES		
Land, Building and Machinery.....	\$4,642,969.00	\$4,580,343.00
Less—Accumulated depreciation	2,944,370.00	2,807,955.00
	\$1,698,599.00	\$1,772,388.00
OTHER ASSETS		
Investment in a Canadian Company.....	\$ 9,500.00	\$ 9,500.00
Life insurance—Cash surrender value	66,175.00	302,744.00
	\$ 75,675.00	\$ 312,244.00
TOTAL ASSETS		
	\$4,995,588.00	\$5,053,780.00
LIABILITIES		
CURRENT LIABILITIES	\$1,301,941.00	\$1,475,115.00
MINORITY INTEREST IN SUBSIDIARY	781,694.00	769,807.00
	\$2,083,635.00	\$2,244,922.00
CAPITAL STOCK AND SURPLUS		
Capital Stock	\$ 342,850.00	\$ 342,850.00
Capital Surplus	285,395.00	284,365.00
Earned Surplus	2,283,708.00	2,181,643.00
SHAREHOLDERS' EQUITY		
	\$2,911,953.00	\$2,808,858.00
TOTAL LIABILITIES		
NET WORKING CAPITAL	\$4,995,588.00	\$5,053,780.00
	\$1,919,373.00	\$1,494,033.00

